

CORPORATION
OF THE TOWN OF COCHRANE



DRINKING WATER QUALITY MANAGEMENT
SYSTEM

FINANCIAL PLAN

DWWP NUMBER: 207-201

O.REG. 453/07

As part of the Municipal Drinking Water Licensing Program, the Ministry of Environment released the Ontario Regulation 453/07. This new regulation requires holders of a Drinking Water License to develop and implement a comprehensive Financial Plan that addresses long-term capital and operating costs for the municipal drinking water system over the set timeframe.

In order to be issued a license, the Municipality must follow the new Municipal Drinking Water Licensing Program. The Ministry established the following requirements:

- (1) A Drinking Water Works Permit (DWWP) # 207-201
 - A permit to establish or alter a drinking water system
 - A DWWP together with a license, will replace the certificates of approval
- (2) An Accepted Operational Plan
 - The Operational Plan is based on the Drinking Water Quality management Standards (DWQMS)
 - The Operational Plan will document an Operating Authority's Quality Management System (QMS)
- (3) Accreditation of the Operating Authority
 - A third-party audit of an Operating Authority's Quality Management System (QMS) will be the basis for accreditation
- (4) A Financial Plan
 - As required under the Financial Plans Regulation, O.Reg. 453/07.
- (5) A Permit to take Water (PTTW) # 8408-8WPNA9
 - A valid PTTW is required to be in place
- (6) Director Satisfaction
 - Before a license is issued, the Director appointed under the Safe Drinking water Act, 2002 (SDWA) must be satisfied that the system will be operated in accordance with the requirements under the SDWA and the proposed conditions of the license.

The Corporation of the Town of Cochrane is the owner and operating authority of the drinking water system which services approximately 4,500 residents, including industrial, commercial and institutional establishments.

The drinking water system is comprised of a treatment facility (Lime softening Treatment Plant) and distribution system. The distribution system is comprised of approximately:

- 45 km of distribution watermain
- 200 fire hydrants
- 360 valves (not including the service valves or hydrant valves)
- One elevated water storage tank

The 45 km of distribution watermain is constructed with a combination of copper, PVC, cast iron and ductile iron.

As the owner and Operating Authority, The Corporation of the Town of Cochrane must prepare a Financial Plan for the Drinking Water System in order to meet the requirements of the municipal drinking water license. The Financial Plan must be updated at a minimum every five years.

This Financial Plan must demonstrate that the municipal water system is financially sustainable. Through the process of developing this Financial Plan, the Town of Cochrane set out to achieve the following:

- ./ Financial viability;
- ./ Provide safe drinking water;
- ./ Enable the long term plan for capital renewal to be realized;
- ./ Achieve full cost recovery over the long-term; and
- ./ Maintain current service level.

Here are the general requirements that apply:

- The Financial Plan must include a statement that the financial impacts of the drinking water system have been considered;
- The Financial Plan shall be for a period of at least six years;
- The Financial Plan must be made available on request and without charge to members of the public that are served by the water system;
- The Financial Plan must be published on the internet, but only if the owner maintains an internet website;
- The Owner must provide a notice informing the public of the availability of the Financial Plan in a manner that the owner deems fit to bring the notice to the attention of the members of the public that are served by the water system;
- The Financial Plan must be approved by council resolution that indicates that the drinking water system is financially viable;
- A copy of the Financial Plan, along with the resolution must be submitted to the Ministry of municipal Affairs and Housing (MMHA); and
- The Financial Plan should be updated and approved prior to applying for a license renewal.

In addition to the general requirements, each Financial Plan is required to document projected financial operating expenditures for each fiscal year that the plan is in effect. This information must be itemized by:

- Total revenues (water rates, user charges and other revenues);
- Total expenses (amortization expenses, interest expenses and other expenses);
- Annual and accumulated surplus or deficit;
- Statement of financial position; and
- Statement of cash flow.

Municipal Drinking Water License information:

System owner: The Corporation of the Town of Cochrane
 License Number: 207-101
 License Issue Date: February 22, 2011
 License Expiry Date: February 21, 2016
 Application for License Renewal: August 22, 2015

The raw water source feeding the municipal water system is Well #5, 6 and 7. The Town obtained a Permit to Take Water (PTTW), issued July 31, 2012. The Permit Number is 8408-8WPNA9.

The Town of Cochrane is accredited Operating Authority for the Cochrane Water Treatment Plant and the Distribution System. The Town of Cochrane is committed to providing safe drinking water in the short-term and long term. The Town's Operational Plan includes its day to day operations maintaining and administering the drinking water system.

Water Consumption:

The following chart outlines the Treated Water Flows for the Town of Cochrane. The Town's current permit to take water (PTTW) from the Three Wells is for 11,784.96 m³/day.

TREATED WATER FLOWS (m3)			
Year	Monthly Average	Daily Maximum	Yearly Total
2011	2,917.240	3,397.860	1,064,780.38
2012	3,013.77	4,049.58	1,017,461.45
2013	2,691.51	3,284.27	982,305.0455
2014	2,734.51	3,320.46	1,005,855.890

Water Rates:

The Town of Cochrane is in the process of installing water meters in all its residential services. Prior to 2015, only commercial services were metered. Meters are being installed in 2015 with metered rates coming into effect for the residential class on January 1, 2016.

Water rates are reviewed and set as part of the budget process and the Town's water financial plan is used to determine these rates. All cost associated with the operations of the water system are paid through water rates on a user pay basis. The attached schedule outlines projected water rates through 2021. The municipality is in the process of completing a comprehensive review of its water operations and projected rates are subject to change if the review suggests a change is merited. The Town of Cochrane will file revised financials and projected rates if changes are made to what is being submitted here.

In conclusion, continued long-term planning is instrumental in developing a comprehensive understanding of the Town's infrastructure and creating a financial structure that puts in place resources to maintain the water system in a safe and effective manner, while maintaining financial viability. The Town recognizes that the integrity of its finances is critical to the successful operation of the municipality and to its reputation and trust by ratepayers.

Attached is the Financial Plan that includes the financial statements. These statements include a projected statement of financial position, projected statement of operations and projected statement of cash flow for the periods ending from Dec 31, 2016 to 2021.

As required, these statements are in accordance with the new Public Sector Accounting Standards. Actual results will vary from the projections herein and the differences may be material.

TOWN OF COCHRANE

WATER OPERATIONS

RATES

	2016	2017	2018	2019	2020	2021
3/4" SERVICE - BASE MONTHLY FLATE	\$ 30.80	\$ 32.34	\$ 33.95	\$ 35.65	\$ 37.43	\$ 39.30
1" SERVICE - BASE MONTHLY FLATE	\$ 43.11	\$ 45.27	\$ 47.53	\$ 49.91	\$ 52.41	\$ 55.03
1 & 1/2" SERVICE - BASE MONTHLY FLATE	\$ 55.43	\$ 58.20	\$ 61.11	\$ 64.17	\$ 67.38	\$ 70.75
2" SERVICE - BASE MONTHLY FLATE	\$ 89.31	\$ 93.77	\$ 98.46	\$ 103.38	\$ 108.55	\$ 113.98
3" SERVICE - BASE MONTHLY FLATE	\$ 338.75	\$ 355.69	\$ 373.47	\$ 392.15	\$ 411.76	\$ 432.34
4" SERVICE - BASE MONTHLY FLATE	\$ 431.14	\$ 452.70	\$ 475.33	\$ 499.10	\$ 524.05	\$ 550.25
VOLUME CHARGE - PER CUBIC METER	\$ 1.8740	\$ 1.9670	\$ 2.0660	\$ 2.1690	\$ 2.2770	\$ 2.3910